

Message Text

CONFIDENTIAL

PAGE 01 ALGIER 02041 171806Z

62

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 IO-10

FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00

DODE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 /133 W
----- 007532

R 171710Z SEP 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 3072

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L ALGIERS 2041

E.O. 11652: GDS

TAGS: ENRG, AG, US

SUBJECT: OPEC OIL PRICE DECISION

REF: STATE 217382

1. MADE FORMAL PRESENTATION OF POSITION SET FORTH IN
STATE 217382 TO BACHIR OULD ROUIS, DIRECTOR OF ECONOMIC
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ALGIER 02041 171806Z

AFFAIRS AT FOREIGN MINISTRY, SEPTEMBER 17 AND GAVE HIM

PIECE OF PAPER SUMMARIZING OUR VIEWS. OULD ROUIS SAID THAT OUR PRESENTATION WOULD BE STUDIED CLOSELY BUT THAT OFF-HAND IT APPEARED WE WERE CONCERNED ONLY ABOUT INTERESTS CONSUMERS AS OPPOSED PRODUCERS. I SAID TO CONTRARY WE FELT INTERESTS OF TWO WERE INTER-LOCKED AND THAT SLOWING DOWN OF RECOVERY PROCESS IN INDUSTRIALIZED WORLD WOULD INEVITABLY HARM INTERESTS OF ALL DEVELOPING COUNTRIES INCLUDING OPEC. OULD ROUIS SAID THAT THIS MIGHT INDEED BE THE CASE BUT OPEC COUNTRIES NEVERTHELESS OBLIGED TO TAKE STEPS TO PROTECT BUYING POWER OF OIL. THEY HAD HELD THE LINE FOR A YEAR ON PRICES AND ALL THEY HAD GOTTEN FOR IT WAS INFLATION OF 25 PERCENT IN INDUSTRIALIZED WORLD AND 40 PERCENT AMONG LDC'S.

2. OULD ROUIS WENT ON TO SAY THAT ALL OPEC COUNTRIES WERE IN AGREEMENT ON NEED FOR PRICE INCREASE, ALTHOUGH THERE WERE SOME DIFFERENCES AS TO AMOUNT CONSIDERED APPROPRIATE. THERE WAS IRAN ON ONE HAND TALKING IN TERMS OF 25 TO 30 PERCENT WHILE OTHERS WERE TALKING IN MUCH MORE MODEST TERMS. SAUDIS AND ALGERIANS IN ACCORD ON NEED FOR A MODERATE INCREASE AND FELT ONE WAS IMPERATIVE TO PROTECT THEIR BUYING POWER. I SAID OUR ANALYSIS WAS THAT PURCHASING POWER OF OIL EXPORTS HAD BEEN CONSTANT OVER PAST YEAR AND WE DID NOT THINK PRICE INCREASE JUSTIFIED. IF HE HAD FIGURES PROVING THE CONTRARY I WOULD BE PLEASED TO RECEIVE THEM. HE SAID HE WOULD LOOK INTO THE MATTER AND LET ME KNOW.

3. OULD ROUIS THEN SAID THAT HE WAS UNDER INSTRUCTIONS FROM SECRETARY GENERAL OF FOREIGN MINISTRY TO CONVEY GOA'S CONCERN AND REGRET AT REMARKS MADE BY SECRETARY IN SPEECH TO GOVERNORS AT ORLANDO DURING WHICH HE HAD MADE THREATS AGAINST OPEC COUNTRIES. SUCH REMARKS POSED POLITICAL AND PSYCHOLOGICAL PROBLEMS THAT RISKED BRINGING TO NOUGHT PROGRESS MADE TO DATE ON DIALOGUE. OPEC COUNTRIES AND ALGERIA IN PARTICULAR COULD NOT PUT THEMSELVES IN POSITION OF GIVING IN TO SUCH PRESSURES. GOA HOPED USG WOULD TAKE ITS CONCERNS INTO ACCOUNT. OUR TACTICS RISKED HAVING RESULTS EXACTLY CONTRARY TO WHAT WE SOUGHT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ALGIER 02041 171806Z

4. I TOOK NOTE AND SAID I WOULD CONVEY MESSAGE TO WASHINGTON. NOTE: WE DO NOT HAVE TEXT OF SECRETARY'S REMARKS. WIRELESS FILE VERSION GARBLED.PARKER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ALGIER02041
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750322-1088
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750941/aaaabkgp.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 217382
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by BoyleJA>; APPROVED <23 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC OIL PRICE DECISION
TAGS: ENRG, AG, US, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006